



# *Urban Chicago Dollar General*

**DOLLAR GENERAL**



8201 South Racine Avenue, Chicago, IL

Confidential Offering Memorandum



# Urban Chicago Investment Opportunity

## Dollar General

### Chicago, IL

**DOLLAR GENERAL**

BROAD APPEAL TO THE  
NET LEASE INVESTOR  
MARKETPLACE

LEADING NATIONAL RETAIL  
CREDIT WITH HIGHLY  
ATTRACTIVE YIELD PROFILE

MULTIPLE RENEWAL OPTIONS  
WITH RENTAL ESCALATIONS

DENSELY POPULATED  
IMMEDIATE COMMUNITY

MINIMAL LANDLORD  
RESPONSIBILITIES



# The Offering

JLL is pleased to offer for sale the fee-simple interest in a single-tenant Dollar General (the “Property” or “Asset”) located in Chicago, Illinois. Dollar General is subject to a double net lease with approximately 4.3 years of the remaining term. Following the initial term of the lease, the Tenant has four 5-year renewal options with 10% rental escalations during each period. Situated on a substantial urban footprint with 1.34 acres of land, the Property offers flexibility in future development opportunity. Auburn Gresham is a densely populated neighborhood of Chicago, with over 260,000 residents within a three-mile radius of the Asset. This investment provides outstanding residual value, as the Asset’s physical positioning in this market garners significant attention from residents within the community. This offering presents the unique opportunity for investors to acquire an urban net leased investment leased to an industry-leading tenant with minimal landlord responsibilities.

## INVESTMENT HIGHLIGHTS

- Due to burgeoning demands for essential goods and services over the past few months, Dollar General plans to hire approximately 50,000 workers by the end of April to support customers’ needs.
- With 15,370+ total stores and counting across 44 states as of December 2019, Dollar General (NYSE: DG) is the largest discount retail banner in the United States.
- Dollar General’s low-cost concept caters to the immediate community that possesses a \$46,668 average household income within one mile of the Property.
- Fiscal 2019 was the 30th consecutive year of same-store sales growth for the company. Management expects 2.5-3.0% growth in 2020.
- Dollar General has 4.3 years remaining on a standard, double net lease with 10% increases every five years and four, 5-year options for renewal.
- The Asset includes a 21,875 SF asphalt-paved parking lot for ± 93 cars and two loading docks which offers future redevelopment potential.
- Property is positioned near Simeon Career Academy (1,303 students) and Perspectives Calumet High School (305 students).
- The Property is located in the southside neighborhood of Auburn Gresham, one of 77 official community areas of Chicago, IL.

## PROPERTY SUMMARY

Address	8201 South Racine Avenue, Chicago, IL
<b>Price / PSF</b>	<b>\$1,406,000 / \$122</b>
<b>Cap Rate</b>	<b>9.00%</b>
NOI / PSF	\$126,500 / \$10.99
Lease Type	NN (Roof & Structure)
Square Footage	+/- 11,513 SF
Site Size	+/- 1.35 acres
Owner Interest	Fee-Simple
Tenant	Dollar General
Lease Term Remaining	4.3 Years
Rental Increases	10% Every 5 Years
Renewal Options	4 x 5 Years



## Property Overview

Address	8201 South Racine Avenue, Chicago, IL 60620
Parcel Number (APN)	20-32-223-006 20-32-223-007 20-32-223-008 20-32-223-009 20-32-223-010 20-32-223-014 20-32-223-015 20-32-223-016 20-32-223-017 20-32-223-037 20-32-223-038
Total Land Size	+/- 1.35 acres
Building Size	+/- 11,513 SF
Year Built	Circa 1984
Structure	Concrete, insulated concrete and steel
Loading Docks	2

## Lease Overview

Tenant	DG RETAIL, LLC ("Dollar General")
Lease Type	NN
Landlord Responsibilities	Roof & Structure
Current Term Commencement	7/1/2014
Current Term Expiration	6/30/2024
Lease Term Remaining	4.3 Years
NOI	\$126,500
NOI PSF	\$10.99
Increases	10% Every 5 Years
Options	4 x 5 Years

## Rent Schedule

Primary Term Rent Schedule					
Lease Year	Calendar Year	Annual Rent	Monthly Rent	Rent PSF	% Increase
1 – 5	2014 – 2019	\$115,000	\$9,583	\$9.99	-
6 – 10	2019 – 2024	\$126,500	\$10,542	\$10.99	10.0%
Renewal Options					
11 – 15	2024 – 2029	\$139,150	\$11,596	\$12.09	10.0%
16 – 20	2029 – 2034	\$153,065	\$12,755	\$13.29	10.0%
21 – 25	2034 – 2039	\$168,372	\$14,031	\$14.62	10.0%
26 – 30	2039 – 2044	\$185,209	\$15,434	\$16.09	10.0%



## Tenant Overview

# Dollar General

- Dollar General Corporation (“Dollar General” or the “Company”) is a publicly-traded discount variety retailer that provides various low-priced merchandise products in 44 of the 50 U.S. states, with a primary presence in the Southern, Southwestern, Midwestern, and Eastern United States. Its small-format stores, convenient locations, and unbeatable prices make it extremely popular among its target customers.
- The nation’s most expansive retailer, Dollar General, has continued to open an eye-popping number of new stores annually and expand into new states, most recently North Dakota. Despite already operating more domestic locations than Starbucks, the retailer shows no signs of slowing down. Dollar General plans to open 1,000 stores in 2020, up from 975 in 2019, while undertaking 1,500 stores remodels and 80 store relocations. Fourth-quarter net sales increased 7.6% to \$7.2 billion, with fiscal year net sales increasing by 8.3% to \$27.8 billion. This net sales increase included positive sales contributions from new stores and growth in same-store sales.
- The Company has four primary operating segments, including consumables, Seasonal, Home Products, and Apparel. With consumables accounting for over 75% of total revenue, Dollar General seeks to be the most convenient daily retail option for quick necessities such as paper goods, snacks, cleaning supplies, diapers, food staples, and other everyday items. The Company offers a wide range of products that include both name brand and private label merchandise, appealing to a variety of shoppers.
- Dollar General is often more convenient to their customers than larger retailers and shopping areas, and as a result, benefits from consistent daily traffic from its core customers. Additionally, Dollar General sells items at prices lower than even Walmart, and yet boasts profit margins considerably higher than the big-box giant.
- With 15,370+ total stores and counting across 44 states as of December 2019, Dollar General (NYSE: DG) is the largest discount retail banner in the United States by store count and continues to improve its market saturation, footprint, and sales.

## Dollar General Outlook

- Dollar General has built a strong footprint and customer base across its operating regions, affording it the capability to fend off competition. The Company continues to demonstrate success in its expansion efforts, fueling bottom-line growth.
- Dollar General, with its robust operating performance, strong credit profile, recession-proof business model, investor friendly real estate fundamentals, and internet-resistant vertical, is a one of the most desirable tenants in the net lease investment community.

## DOLLAR GENERAL

### Tenant Overview

<b>Company</b>	Dollar General Corp.
<b>Year Founded</b>	1939
<b>Headquarters</b>	Goodlettsville, TN
<b>Ownership Type</b>	Public (NYSE: DG)
<b>Stock Index Membership</b>	S&P 500 Component
<b>Sector</b>	Discount Retail Stores
<b>Locations</b>	15,370 Stores
<b>Number of Employees</b>	135,000
<b>Credit Rating (Moody’s)</b>	Baa2 / Stable
<b>Annual Revenue (1/31/2020)</b>	\$27.75 Billion
<b>Market Capitalization (3/16/2020)</b>	\$34.03 Billion
<b>Total Assets (1/31/2020)</b>	\$22.41 Billion
<b>Total Debt (1/31/2020)</b>	\$10.45 Billion
<b>Website</b>	<a href="http://www.dollargeneral.com">www.dollargeneral.com</a>



## Market Overview

# Chicago, IL

Auburn Gresham, a.k.a. ("Gresham"), is one of 77 official community areas of Chicago, IL. Positioned on the far south side of Chicago, Auburn Gresham was the original location of the South Side Irish Parade before its relocation to the Beverly neighborhood farther southwest in the city. Additionally, St. Sabina Church is an anchor within the community.

Auburn Gresham is home to a Metra commuter rail stop at W. 87th St. and Vincennes Ave, providing outbound service to Joliet and daily inbound service to LaSalle Street Station in the Loop. In 2014, the city acquired a half-acre parcel of land on which to construct a long-desired station. CTA red line stops at 87th St. and 79th St. are also available along I-94 in nearby Chatham.

The 839-45 West, 79th Street project is a significant development project within the community that will spur growth along the business district while also bringing a once-prominent commercial building back to life. The building is located within the LISC Chicago-led Southwest Corridor Collaborative (SWCC) at the 79th & Halsted development node.



### Local Retail Statistics (as of 3/15/2020)

	Chicago Market	South Chicago Submarket
Inventory	565,915,539	48,343,127
Vacancy Rate	6.0%	5.1%
TTM Absorption	775,715	157,437
Market Rent PSF	\$19.21	\$18.09

### Local Demographic Snapshot – 2020

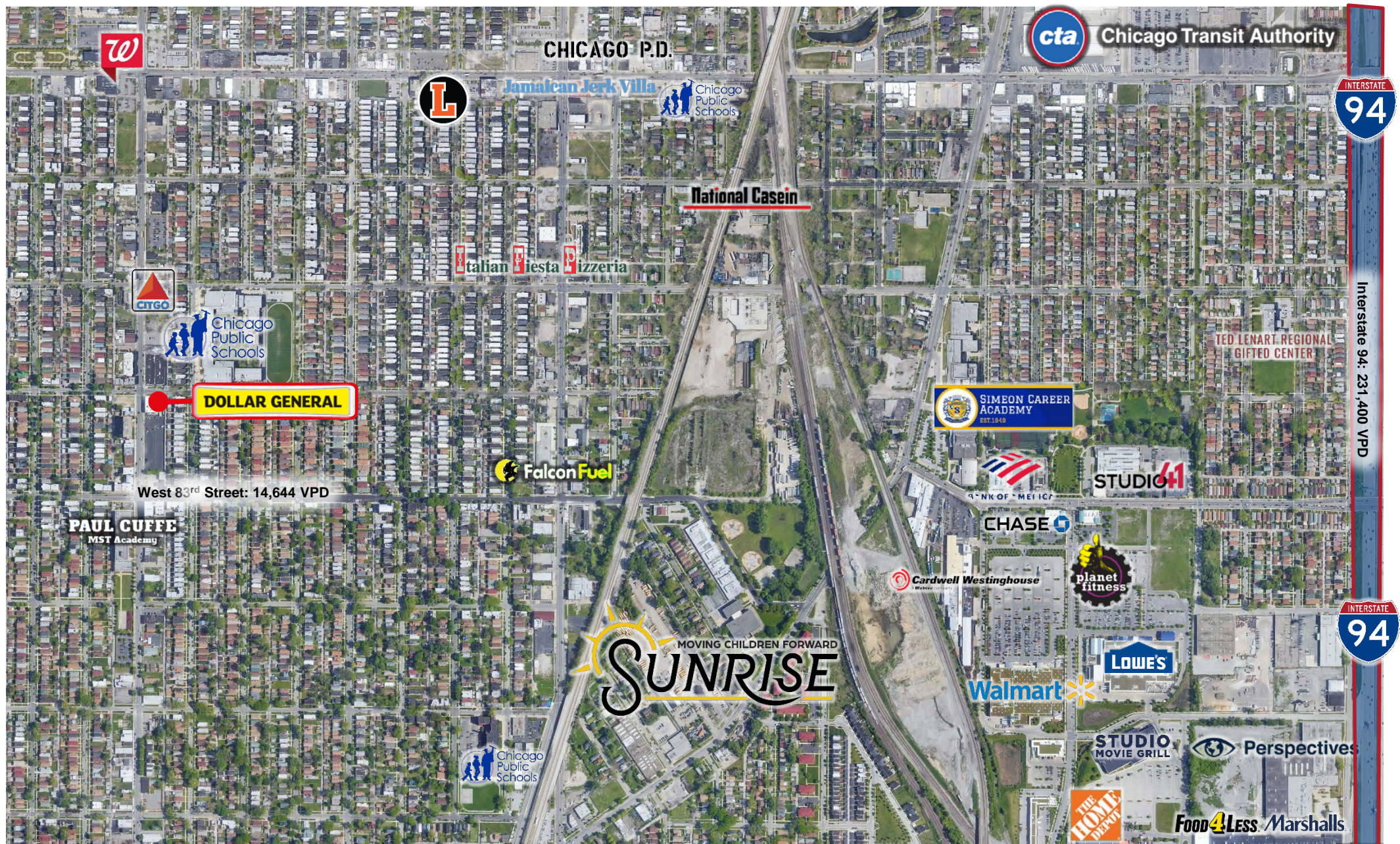
	1-Mile	3-Mile	5-Mile
Total Population	41,200	261,920	756,353
Total Households	15,140	94,770	263,196
Average HH Income	\$46,668	\$56,593	\$60,493
Median HH Income	\$31,832	\$38,272	\$41,774

### LOCATION HIGHLIGHTS

- Situated in the densely populated South Chicago neighborhood of Auburn Gresham, the Asset draws clientele from 33 education centers, including Simeon Career Academy and 41,200 residents within a one-mile radius.
- The Property is located one mile west from a retail center anchored by Marshalls, The Home Depot, and Jewel Osco attracting significant foot-traffic from I-94 (231,400 VPD).



# Greater Market Aerial





## Local Retail Aerial





ALEX GEANAKOS  
DIRECTOR  
+1 312 228 3866  
[alex.geanakos@am.jll.com](mailto:alex.geanakos@am.jll.com)

— NICHOLAS KANICH  
SENIOR DIRECTOR  
— +1 312 228 2093  
[nicholas.kanich@am.jll.com](mailto:nicholas.kanich@am.jll.com)

— ALEX SHARRIN  
SENIOR DIRECTOR  
— +1 312 228 3197  
— [alex.sharrin@am.jll.com](mailto:alex.sharrin@am.jll.com)



